

Harris County Hurricane Harvey Recovery



DISASTER RECOVERY VOLUNTARY BUYOUT PROGRAM GUIDELINES

**For 2015, 2016, 2017 Community Development Block
Grant- Disaster Recovery**

COMMUNITY SERVICES DEPARTMENT

HARRIS COUNTY, TX 8410 LANTERN POINT DRIVE, HOUSTON, TX 77054

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Disaster Recovery Voluntary Buyout Program Guidelines

Harris County, TX Harris County, TX

Introduction

Harris County Disaster Recovery Voluntary Buyout Program is a program jointly operated through the Harris County Community Services Department (HCCSD), the Harris County Engineering Department's Real Property Division (HCRPD), and the Harris County Flood Control District (HCFCD) to assist owners whose homes were damaged by 2015, 2016, and/or Hurricane Harvey (2017) to relocate outside the threat of flooding. Buyout programs support hazard mitigation, floodplain management goals, and resiliency by removing homeowners from the floodplain, thus eliminating vulnerability to future flooding situations. After homes are purchased, the structures are demolished or relocated. The land reverts to a natural floodplain, converts into a retention area, or is retained as green space for recreational purposes. The buyout program serves multiple objectives and provides a resiliency option versus rebuilding within a floodplain. Buyouts help prevent repetitive loss and extreme risk to human health and safety. When conducted sooner rather than later, Buyouts prevent homeowners from making repairs and investing funds in properties that they then may not want to sell. The objectives of the program are:

1. Acquire properties that have been subject to multiple floods (including those damaged by 2015, 2016, and Hurricane Harvey) and use for public space, green space, and/or flood control measures.
2. Assist homeowners to move to an area with a reduced risk of flooding¹.
3. Return properties in the floodplain to natural and beneficial function, aiding in the storage of floodwaters
4. Eliminate future flood damages and health and safety risks for owners and rescuers.
5. Reduce repetitive subsidized flood insurance payments and federal disaster assistance

The program will focus on providing assistance to owners of properties that are located in an HCFCD Interest Area².

Maximum Assistance Amount

Harris County will use funds from the U.S. Department of Housing and Urban Development (HUD Community Development Block Grant Disaster Recovery (CDBG-DR) funding for the buyout of approximately 1006 properties, of which no less than 70 percent will be owned by low- and moderate income (LMI) households³. The maximum amount of CDBG-DR funding available

¹ Area with reduced risk of flooding means moving outside the 100-year flood plain or within the 100-year flood plain in a structure with flood mitigation measures above the current standard (2 feet above the 500-year flood plain).

² For more information on HCFCD Interest Areas, please see Interest Areas section.

³ Based on current funding allocations and subject to specific funding restrictions which include 100 percent of funding to serve LMI for first Harvey Allocation (PL115-31). Please see Table 4 for a breakout of estimated number of units to be acquired by allocation.

for any single buyout will be capped at the FHA Mortgage Limit for Harris County, provided in Table 1 below. However, it is expected that the average amount of buyout assistance including incentives, project delivery and other eligible project costs will be approximately \$230,000.000 per buyout. Using CDBG-DR funds, the program provides property owners up to the post-disaster fair market value of their home and may also include an incentive payment to encourage relocation to an area of reduced flood risk.

Table 1: Harris County FHA Mortgage Limit⁴

	One Family	Two Family	Three Family	Four Family
Harris County	\$331,200	\$424,000	\$512,500	\$636,900

Definitions

Acquisition – The utilization of CDBG-DR Disaster funds to acquire real property. Acquisition only is typically not considered a complete activity in the Program and must be combined with another eligible use (i.e. relocation assistance). The purchase price must be consistent with applicable uniform cost principals, and the pre-disaster Fair Market Value (FMV) may not be used.

Area Median Family Income (AMFI) – Calculated limits based on HUD-estimated median family income with adjustments based on family size.

Builder Assignments – A qualified pool of builders developed by the Subrecipient or state. They must also meet state and federal procurement requirements and possess controls that will ensure quality construction based on the Minimum Property Standards (MPS) .

Buyout – A type of acquisition with the purchase of an eligible property with the intent to reduce risk from future flooding or to reduce risk from the hazard that led to the property's Disaster Risk Reduction Area. The property acquired will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or floodplain and wetlands management practices.

Case Management- Working with individual survivors and their families to understand the program's housing options, resulting in clear and transparent determination of eligibility. Case Managers must take into account all special circumstances of the survivor's needs to decrease their barriers to participate in the program where possible. Staff should meet at designated locations and supply information in a standard format.

Damage Assessment- An inspection of the unit to document damage from the event. The assessment by a certified or licensed inspector (MPS, TREC, or similar license) is required to specifically and clearly document storm related property damage via photographic evidence and detailed narratives (see the GLO's Damage Assessment Guidelines). Damage assessments may also include final cost of repair estimates.

⁴ 2018 FHA Mortgage Limits for Harris County from <https://entp.hud.gov/idapp/html/hicost1.cfm> Mortgage maximums as of Friday December 01, 2017

Davis-Bacon Act of 1931 (40 USC Part 3141 et seq.) and Related Acts – All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this chapter shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. This applies to the rehabilitation of residential property only if such property contains not less than 8 units. 5

Demolition – The clearance and proper disposal of dilapidated buildings and improvements.

Duplication of Benefits – The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG-DR Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which he/she has already received financial assistance under any other program or from insurance or any other source.⁶

Environmental Review– All substantially qualified applicants (e.g. applicants who apply for the repair and replacement of their damaged unit must have received damage from the event, own their home and lived in the home as their primary residence) must undergo an environmental review process. This process ensures that the activities comply with National Environmental Policy Act (NEPA) and other applicable state and federal laws.

Elevation Standards– Standards that apply to new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in FEMA’s data source identified in 24 CFR 55.2(b)(1).

Family – A household composed of two or more related persons. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or well-being and the surviving member or members of any family described in this definition who were living in a unit assisted under the Housing Opportunities for Persons with AIDS (HOPWA) program at the time of his or her death.

FEMA-Designated High-Risk Area – Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones. These areas will be identified during the environmental review process for each participating jurisdiction.

Flood Disaster Protection Act of 1973 and Sec. 582(a) of the National Flood Insurance Reform Act of 1994 – Compliance with the legal requirements of Section 582(a) mandates that HUD flood disaster assistance that is made available in an Special Flood Hazard Areas (SFHAs) may not be used to make a payment (including any loan assistance payment) to a person for repair, replacement or restoration for flood damage to any personal, residential or commercial property if: (1) the person had previously received Federal flood disaster assistance conditioned on obtaining and maintaining flood insurance; and (2) that person failed to obtain and maintain flood insurance as required under applicable Federal law on such property.

⁵ <https://www.hudexchange.info/resources/documents/Housing-and-Community-Development-Act-1974.pdf>

⁶ Federal Register/Vol. 81, No. 117/Friday, June 17, 2016/Notices (2015 Flood event); Federal Register/Vol. 81, No. 224/Monday, November 21, 2016/Notices (2016 Flood event); Federal Register/Vol. 82, No. 247/Wednesday, December 27, 2017/Notices (Hurricane Harvey)

Green Building Standards – All rehabilitated (meets the definition of substantial improvement), reconstruction or new construction must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (i) ENERGY STAR (Certified Homes or Multi-family High-Rise), (ii) Enterprise Green Communities, (iii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), (iv) ICC–700 National Green Building Standard,

Homeowner Assistance Activity – The utilization of CDBG-DR funding to rehabilitate or reconstruct damaged homes in order for the applicant to remain in the original home at the original home site. The home to be assisted must have been owner-occupied at the time of the event.

Homebuyer Assistance Activity – The utilization of CDBG-DR Disaster Recovery funding for up to 100% of the required down payment, reasonable closing costs, principal write-down assistance, subsidization of interest rates, and private mortgage insurance to facilitate the purchase of a new or existing home.

Housing Incentives- Incentive payments are generally offered in addition to other programs or funding (such as insurance), to encourage households to relocate in a suitable housing development or an area promoted by the community's comprehensive recovery plan. The housing incentive may be offered for the purpose of improving the residential structure that upon completion will be occupied by an Low to moderate income household. An incentive may be offered to a buyout payment for households that volunteer to relocate outside of floodplain or to a lower-risk area. A buyout incentive is not available for properties that served as second homes at the time of the disaster, or following the disaster.

Household – A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two (2) or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the low- to moderate- income (LMI) objective is based on the LMI of households.

Housing and Urban Development Act of 1968, Section 3 – Requires the Subrecipient to ensure that training, employment, and other economic opportunities generated by HUD financial assistance shall be directed to the greatest extent feasible and consistent with existing Federal, State, and Local laws and regulations, to low and very low-income persons. Recipients of Section 3-covered funding ensure compliance and the compliance of their contractors/subcontractors with the Section 3 requirements, as outlined in 24 CFR 135.32. ⁷

Housing Unit- An owner-occupied housing damaged or destroyed by an event.

Low- to Moderate- Income (LMI) National Objective – Activities which benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with GLO's Adjusted Gross Income Methodology. The most current income limits, published annually by

⁷ <https://www.hudexchange.info>

HUD, shall be used by the Subrecipient to verify the income eligibility of each household applying for assistance at the time assistance is provided.

- Very low: Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size;
- Low: Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size;
- Moderate: Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size.

LMB National Objectives – Low to Moderate Buyout (LMB) is used for a buyout award to acquire housing owned by a qualifying LMI household, where the award amount (including optional relocation assistance) is greater than the post-disaster fair market value of that property.

LMHI National Objectives - Low Moderate Housing Incentive (LMHI) benefits LMI households that are used for a housing incentive award and tied to a voluntary buyout or other voluntary acquisition of housing owned or occupied by a qualifying LMI household.

Manufactured Housing Unit (MHU) – A structure, transportable in one or more sections which, in the traveling mode is eight body-feet or more in width, or forty body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

Minimum Property Standards (MPS) – The Minimum Property Standards (MPS) establish certain minimum standards for buildings constructed under HUD housing programs. This includes new single-family homes, multi-family housing and health care type facilities as outlined in HUD's 1994 Edition Handbook (4910.1).

Modular Housing – A home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

Multi Family Rental – Eight or more rental units in the property.

Needs Assessment – An assessment that determines the type of housing programs that will be offered equitably and based upon an objective assessment of unmet needs in the affected community's population.

Negative Equity Mortgage – also known as “under water” or “upside down” mortgages – when homeowners owe more on their mortgages than their homes are worth.

New Construction – A replacement home that substantially exceeds the original footprint on the existing lot (if permitted) or the construction of a new home in a new location.

Program Design – The selection and development of programs and activities based on a Needs Assessment. The Program Design must include the type of housing activities that will be offered by the Subrecipient, as well as how the Program will be marketed, how Fair Housing Objectives

will be achieved, and how funding will be prioritized as determined through a Needs Assessment.

Program Income- Net income derived from the sale of program assets that exceeds \$35,000 in a single fiscal year, received by the Subrecipient and directly generated from the use of housing CDBG-DR funds.

Single Family Home – A single-unit family residence detached or attached to other housing structures.

Single Family Rental – Seven or less rental units under common ownership. Units may be on contiguous or scattered lots. Scattered site rentals (rental properties not on an undivided lot or on contiguous lots or parcels) may exceed seven units without wage requirements.

Slum and Blight National Objective – Activities which help to eliminate slum and blighted conditions. (Use of this National Objective is limited due to its inability to contribute towards the overall requirement for 70% LMI to benefit low- to moderate- income beneficiaries.)

Slum and Blight activities must meet the criteria of one of the three following categories:

- Prevent or eliminate slum and blight on an area basis;
- Prevent or eliminate slum and blight on a spot basis; or
- Be in an urban renewal area.

Subrecipient – Cities, Counties, Indian Tribes, local governmental agencies (including COGs), private non-profits (including faith-based organizations), or a for-profit entity authorized under 24 CFR 570.201(o). The definition of Subrecipient does not include procured contractors providing supplies, equipment, construction, or services and may be further restricted by Program Rules or other guidance including applications.

Subrogation Agreement- Means an agreement executed by the beneficiary agreeing to repay any duplicative assistance if they later receive other disaster assistance for the same purpose.

Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended (Title 49 CFR Part 24) (Uniform Act referred to URA)- Applies to all acquisitions of real property or displacements of persons resulting from Federal or federally-assisted program or projects. URA's objective is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects. For the purposes of these guidelines, URA mostly applies to residential displacements in involuntary (49 CFR Subpart B) acquisition or multi-family damaged/occupied activities that require the relocation of the tenants. A displaced person is eligible to receive a rental assistance payment that is calculated to cover a period of 42 months.

Unsecured Forgivable Promissory Note – Is an agreement between the assisted beneficiary and Subrecipient/GLO that requires applicants to comply for several terms during a set affordability period. At the end of the affordability period the terms are forgiven after they are met by the homeowner.

Urgent Need National Objective – An urgent need that exists because existing conditions pose serious and immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent and the Subrecipient cannot finance the activities on its own because other funding sources are not available. Subrecipients must document how each program and/or activity funded under this category responds to a disaster related impact.

National Objective

The disaster that caused the most recent damage to the property will be used to determine the national objective for each property assisted. For the 2015, 2016 Spring Floods, and Hurricane Harvey disaster, the applicant's national objective is determined based on the type of activity. For more information about which national objective applies based on disaster, please see the table below:

Low- and Moderate-Income

Table 2. Buyout National Objective

Disaster	Activity Types	LMI Buyout	LMI Housing Incentive
2015, 2016 Spring Floods, and 2017 Hurricane Harvey	Acquisition-buyout of residential property	X	
	Clearance and Demolition	X	
	Relocation Payment and Assistance		X

Urgent Need

One critical component of a buyout program is taking measures to limit the checkerboard effect that buyout programs can sometimes have on a neighborhood. To help limit the checkerboarding effect, Harris County will include an Urgent Need activity in parallel with the LMI activity. The Urgent Need buyout activity will follow the same guidelines as the LMI activity but will expand the owner eligibility to include owners with incomes up to 120 percent of area median income, and may include owners with incomes of greater than 120 percent if such owner maintained required flood insurance within the 100-year flood plain.

Program Administration

Application Processing Overview

The Harris County Buyout Program is available to applicants identified through the Harris County Flood Control District application/survey. The County will provide timely notification to applicants on their application status. Additionally, the County will further define in its operating procedures the methods for communication (i.e., website, telephone, case managers, letters, etc.), ensuring the accessibility and privacy of individualized information for all applicants, indicating the frequency of applicant status updates, and identifying which personnel or unit is responsible for informing applicants of the status of recovery applications. Below is a summary outline of the buyout program process from pre-application through closing:

1. Waiting List
 - a. HCFCD adds households to the waiting list that have expressed an interest in volunteering to be bought out.
2. Pre-Application Review
 - a. The pre-application review is used to review preliminary data collected on the applicant and the applicant's property, contact the applicant to discuss the application process, provide information regarding the assistance available, inform the applicant of the documentation/verification requirements, and discuss next steps.
 - b. Determine residency with Buyout Interest Area according to program guidelines.
3. Application
 - a. Used to collect required information, certifications, authorizations, and supporting documentation/verifications used to determine program eligibility
 - b. Determine whether home is owner-occupied
4. Evaluation & Eligibility Determination
 - a. Verification and calculation of household income, review citizenship status, ownership status, clear title and current on property taxes, determine property location/eligibility, etc.
 - b. National Objective- LMI and UN status
5. Appraisal
 - a. Property is appraised to determine pre-disaster fair market value
6. Complete program documents with case manager/assess need for relocation advisory services
 - a. Owners and non-owner occupants complete the application and provide required documentation to determine their eligibility for the program.
 - b. Discuss relocation options and need for assistance in identifying comparable relocation opportunities. Assign relocation advisory services as needed/requested.
7. Offer to Purchase to Applicant
 - a. Once an owner and their property has been determined eligible, they will receive an offer to purchase that takes into consideration the pre-disaster fair market value and any duplication of benefits
 - b. Owner or displaced occupants receive information regarding available resources to help with move
8. Commitment
9. Submission to Commissioners Court for funding approval

- a. All properties that will receive buyout funds must be reviewed and approved by the Commissioners Court
10. Approval letter sent to Applicant
11. Funding secured
12. Lender schedules closing
13. County approves closing documents
14. Closing occurs/title transfers to Harris County Flood Control District
15. Demolition
16. Compliance & Monitoring

URA Requirements

The buyout program will acquire properties from owners who agree to voluntarily participate in the program. However, some owners who volunteer may rent their property they have volunteered for the buyout program. Renters and other non-owner occupants who will be required to move from the unit involuntarily may be displaced as a result of the buyout. Harris County will follow the URA requirements, as amended by the applicable Federal Register Notices for each disaster allocation. For more information on the URA benefits and services that displaced persons are eligible to receive please see the Moving Costs and Relocation Section.

Harris County Advisory Services

Applicants are likely to need support throughout the process. Applicants may have suffered significant losses and emotional hardships. Undertaking the process to claim insurance is often burdensome and confusing. The simple mechanics of applying to the program may be complicated by the loss of documents or temporary residence outside the area. Harris County maintains partnerships with local and community liaisons such as banks, counseling agencies, legal services, title companies, etc.

Harris County Case Managers and Advisory Services will work in collaboration to assist owners and displaced persons from inception to closeout of their recovery needs. Each applicant will be assigned a single point with a case manager through eligibility and then will be assigned a single point of contact with a relocation advisor for each survivor to ensure that survivors have the immediate contact information and needs to be successful in their long-term recovery efforts. As survivor applications are being accepted and reviewed for determinations of eligibility to participate in the Program, each survivor will be counseled and made aware of their application status.

Property Requirements

Homeowners who own a property in a **HCFCF Buyout Interest Area** may be eligible to receive buyout assistance and will be prioritized to receive assistance. For the property to qualify for the buyout program the property must meet the following requirements:

1. Located in Harris County jurisdiction
2. Located in one of the designated buyout interest areas
3. Have been damaged by either the 2015, 2016 Spring Floods or Hurricane Harvey
4. Must be an eligible property type
5. The property's source of flooding is from a bayou, creek, or smaller tributary that feeds into the Harris County Flood Control District system.

6. The property must be located in a mapped floodplain and/or subject to repetitive flooding caused by out-of-bank bayou flooding.
7. A home buyout must be the most beneficial solution to the property's flooding problem (as opposed to a structural solution, such as a channel conveyance improvement or storm water detention basin).
8. The property is strategically located for potential or future flood damage reduction projects and/or floodplain preservation.

Additionally, a property may be eligible for buy-out assistance if an applicant originally applied for rehabilitation or reconstruction assistance, but the site could not be environmentally cleared, and conditions could not be mitigated to HUD standards for housing rehabilitation or reconstruction assistance due to the following conditions:

1. Any house in the floodway that cannot be moved or rebuilt within the property boundaries outside the floodway, or
2. Any house seeking reconstruction assistance with a noise-impact that cannot be mitigated to HUD acceptable levels, or
3. Any house that is not a clear site for hazardous toxins per Texas Commission on Environment Quality (TCEQ) without compliant mitigation possible, or
4. Any house seeking reconstruction assistance outside HUD's Acceptable Safe Distance guidelines from a flammable or explosive hazard.

If a property applied for rehabilitation or reconstruction assistance but could not be environmentally cleared due to the above criteria, the property will still need to meet the property requirements #1, 3, 4, and 6.

Any time HUD standards for mitigation of a hazard cannot be satisfied to meet its obligations under NEPA and related laws, federal funds are prohibited from rehabilitation or restoring a house on the hazardous property. However, such property may be cleared for acquisition (buy-out) purposes only.

Buyout Interest Areas

HCFCFCD has identified buyout interest areas that include homes that are "hopelessly deep" in the floodplain where projects to reduce flooding are not cost effective and/or beneficial. To be identified as a buyout interest area, it must be in a repetitive flood area- where dwelling structures have sustained multiple flood-related damages, with one of the occasions being damages resulting from either the 2015, 2016 Spring Floods, or Hurricane Harvey. To identify the buyout interest areas, current effective floodplain data was used to analyze the county; however, in some areas better data was available. "Future" floodplains and depth grids were used to analyze Harris County based on the idea that buyouts should be avoided in flood-prone areas that will see flood reduction project benefits later. Harris County will retain documentation for each property bought out through the buyout program, indicating the properties location in one of the Buyout Interest Areas.

Primary Interest Area Criteria for 2015

The buyout interest area for 2015 was approved via an application from Flood Control. The criteria used to select the area was as follows:

1. Damaged from 2015 flood event(s)
2. Low to moderate income area

3. Outside City of Houston

Primary Interest Area Criteria for 2016, and 2017 (Harvey) Buyout Program

To qualify as a buyout interest area for this buyout program, a parcel must be located in an Low and Moderate Income (LMI) Target Area and should be clustered with a minimum of 10 total parcels⁸ or five (5) combined acres and include at least two (2) of the following metrics:

4. In the floodway
5. In the 10-year floodplain
6. Over 2 feet deep in the 100-year floodplain

The areas that meet the above criteria may qualify as a buyout area, but additional criteria are also considered to determine the boundaries of the buyout area.

Additional Criteria

Additional consideration is given to each potential buyout interest area to account for various other factors impacting the suitability of the parcel to be determined a buyout interest area. The additional criteria listed below help determine the boundaries of a potential buyout interest areas:

1. Future conditions of the watershed are evaluated for the impact of any imminent flood reduction project.
 - a. Uses “future condition” data from CLOMRs and pending Risk MAPs.⁹
2. Adjacent parcels that do not meet the three Primary Interest Area Criteria above may be included to form a uniform contiguous area.
3. Maintenance concerns are evaluated:
 - a. Contiguous areas will be given higher consideration where a majority of the parcels meet the depth criteria and are connected to HCFCD-owned Right of Way(ROW).
 - b. Streets create obstacles for maintenance and so interest area boundaries that cross streets should plan for eventual street closure and removal.
4. FEMA repetitive loss properties:
 - a. Properties adjacent to current or proposed areas of interest or existing HCFCD ROW that are FEMA repetitive loss structures can be included when the total paid claims are >50% of the HCAD market value.
 - b. These loss properties, if adjacent to existing HCFCD ROW, can be considered.
5. Areas “hopelessly deep” (>3ft) can override lack of other criteria.
6. If ownership of parcel is needed for a future flood reduction project.

⁸ Some buyout areas may include less than 10 total parcels due to HCFCD having already purchased a number of the parcels through the previous buyout program.

⁹ A Conditional Letter of Map Revision (CLOMR) is FEMA's comment on a proposed project that would, upon construction, affect the hydrologic or hydraulic characteristics of a flooding source and thus result in the modification of the existing regulatory floodway, the effective Base Flood Elevations (BFEs), or the Special Flood Hazard Area (SFHA). The letter does not revise an effective NFIP map, it indicates whether the project, if built as proposed, would be recognized by FEMA. Risk MAP is a FEMA program that provides high quality flood maps and information, tools to better assess the risk from flooding and planning and outreach support to communities to help them take action to reduce (or mitigate) flood risk. Each Risk MAP flood risk project is tailored to the needs of each community and may involve different products and services.

HCCSD will prioritize the buyout interest areas based on the prioritization criteria below:

Table 3: Prioritization Criteria

Criteria	% of Score
Average Depth	46.2%
Percent HCFCF Ownership	30.8%
WMP Priority Score ¹⁰	15.4%
Maintenance Costs	7.7%
<i>TOTAL</i>	<i>100.0%</i>

The intersection of Buyout Interest Areas and LMI Target Areas that are over 5” deep in the flood plain will automatically be given top priority as they present the most health and safety risk to the most vulnerable populations. Other areas will then be ranked based on the weighted scores given to each prioritization criteria.

The prioritization of the buyout areas will be evaluated periodically as future grant funds and other funding sources become available. The suitability of buyout areas will be evaluated considering the availability of funds, the requirements of the available funding sources, and the ability to accomplish the County’s recovery goals. Records will be maintained in the County’s files, including the various data sources used to identify and prioritize each Buyout Interest Area.

Structure Type

Eligible properties must be a residential dwelling structure or vacant lot.¹¹ A dwelling structure is defined as a residential space that is a place of permanent habitation for a person or family that contains a living room, kitchen area, sleeping area, and bathroom(s).

1. Eligible Structure Types
 - a. Single-unit dwelling structure
 - b. Multi-unit dwelling-structure
 - c. Stick built
 - d. Modular
 - e. Manufactured
 - f. Dwelling structure on leased land
 - g. Duplex, Tri-plex, Four-plex
 - h. Condo, Town-home
 - i. Multi-family unit
 - j. Manufactured home on leased land

The buyout program will acquire properties from owners who agree to voluntarily participate in the program. However, several of the structure types listed above may include occupants that are

¹⁰ WMP Priority Score or Watershed Management Plan Priority Score: A HCFCF Planning shapefile which details a priority for project on streams. This score is based on variety of data but most importantly includes known loss totals and damages per unit length.

¹¹ Harris County does intend to acquire vacant and abandoned rental property as well as vacant and abandoned lots within the Buyout Interest Areas but does not wish to limit buyouts to only those properties so that it may maximize the effectiveness of the buyout program.

not the owner and who will be required to move from the unit involuntarily. Since these occupants may be displaced, Harris County will follow the URA requirements, as amended by the applicable Federal Register Notices for each disaster allocation.

Property Type

Property is the land and improvements listed on the title or appraisal district record as published on Harris County Appraisal District's website at HCAD.org on which the owner-occupant unit is located.

The following types of ownership are ineligible for assistance under this program:

1. Applicants who lost ownership of their home due to foreclosure, properties with outstanding suits, judgments and tax liens that would jeopardize ownership may be ineligible for assistance.
2. Properties located where federal assistance is not permitted are ineligible for assistance. Properties must be in compliance with Environmental Code 24 CFR Part 58.

Flood Claims

To verify property flood damage from the applicable disasters, flood claims will be verified by the National Flood Insurance Program (NFIP). Any assistance identified through the NFIP verification will be considered for potential Duplication of Benefits.

Environmental Review

CDBG-DR buyout assistance is contingent on compliance with the National Environmental Policy Act (NEPA) and related environmental and historic preservation legislation and executive orders. Accordingly, environmental review activities are carried out for site contamination and demolition control, and documented prior to commitment of funds.

Appraisal

All properties will be appraised by a State licensed appraiser and in conformity with the Uniform Relocation Act at 49 CFR 24.103-Criteria for Appraisal and 49 CFR 24.104-Review of Appraisals.

1. If appraisal exceeds the established maximum purchase limit as set by the County, the applicant may receive up to the County's established limit. Such cases will be evaluated on a case-by case basis and final determination made by the County.
2. If appraisal is below the County's established maximum purchase limit, applicant will be offered the pre-disaster fair market value.

The properties will be purchased at a pre-storm fair market appraised value of the home, less any identified duplication of benefits and mortgage or other liens.

Deed Restriction or Restrictive Covenant

Properties acquired through the buyout program must have a deed restriction or restrictive covenant running with the property and require that the buyout property be dedicated and maintained for compatible uses in perpetuity. Compatible uses include:

1. Any property acquired, accepted, or from which a structure will be removed pursuant to the project will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or floodplain and wetlands management practices.

2. No new structure will be erected on property acquired, accepted, or from which a structure was removed under the acquisition or relocation program other than:
 - a. a public facility that is open on all sides and functionally related to a designated open space (e.g., a park, campground, or outdoor recreation area);
 - b. a rest room; or
 - c. a flood control structure, provided that structure does not reduce valley storage, increase erosive velocities, or increase flood heights on the opposite bank, upstream, or downstream and that the local floodplain manager approves, in writing, before the commencement of the construction of the structure.
3. After receipt of the assistance, with respect to any property acquired, accepted, or from which a structure was removed under the acquisition or relocation program, no subsequent application for additional disaster assistance for any purpose or to repair damage or make improvements of any sort will be made by the owner of the buyout property (including subsequent owners) to any Federal entity in perpetuity. The entity acquiring the property may lease it to adjacent property owners or other parties for compatible uses in return for a maintenance agreement. Although Federal policy encourages leasing rather than selling such property, the property may also be sold.

Owner Requirements

In addition to the requirements for each property to be eligible for assistance, owners of the properties must also meet certain requirements in order to be eligible to receive buyout assistance.

In order to qualify, all of the following must pertain to the homeowner/applicant:

1. The homeowner must be a United States Citizen or an Eligible Immigrant
2. Homeowner must have clear title to the property
3. Must be current on property taxes
4. Must be current on child support payments
5. Must agree to move to an area with reduced risk of flood¹²
6. Or the buyout is a result of environmental review restrictions in which the environmental review deems the property not eligible for other rehabilitation or reconstruction assistance.

Participants in the buyout program will be required to certify to all eligibility criteria and must sign an acknowledgement agreeing to the following false claims statement:

“Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001, and 31 U.S.C. 3729.

Citizenship

The homeowner must be a United States citizen, or an eligible immigrant as verified by a signed declaration and one of the following:

1. U.S. Citizen
 - a. A United States Passport
 - b. Birth Certificate
 - i. In the absence of a birth certificate, an elderly applicant may substitute a Social Security Benefits Determination document for the birth certificate.
 - c. Certificate of Naturalization
2. Eligible Immigrant
 - a. Form I-551 Alien registration receipt card
 - b. Form I-94 Arrival Departure Record annotated with one of the following:
 - i. Admitted as a Refugee Pursuant to Section 207
 - ii. Section 208
 - iii. Section 243 (h) or “Deportation” stayed by Attorney General
 - iv. Paroled Pursuant to Section 221 (s)(5) of the USCIS
 - c. Form I-94 Arrival-Departure Record with no annotation accompanied by:
 - i. A final court decision granting asylum (only if no appeal is taken)
 - ii. A letter from an USCIS asylum officer granting asylum (if application is filed on or after 10/1/90) or from an USCIS district director granting asylum (application filed before 10/1/90)
 - iii. A court decision granting withholding of deportation
 - iv. A letter from an asylum officer granting withholding or deportation (if application filed on or after 10/1/90)

¹² Area with reduced risk of flooding means moving outside the 100-year flood plain or within the 100-year flood plain in a structure with flood mitigation measures above the current standard (2 feet above the 500-year flood plain).

- v. A receipt issued by the USCIS indicating that an application for issuance of a replacement document in one of the above listed categories has been made and the applicant's entitlement to the document has been verified.

Ownership

Ownership will be verified by a full title search to ensure a clear title on the property. All title issues must be resolved prior to closing. The title company must provide title insurance on the property. Additionally, the Harris County Advisory Services will provide owners with referrals and recommendations on title clearance assistance, such as local legal aid organizations.

Identity Verification/Credit Check

Owners identity will be verified via a credit check; however, an applicant's credit score is not taken into consideration in determining program eligibility. The credit report is reviewed to verify:

1. applicant's identity
2. that there are no judgments or liens on the property (example – tax lien)
3. applicants must be current on property taxes or be awarded a tax deferral as allowed under Section 33.06 of the Texas Tax Code.

CDBG-DR funds may not be used to pay delinquent taxes or child support back payments.

Second Homes

To help accomplish the overall goals of the buyout program, Harris County wishes to provide buyout assistance to as many volunteers as possible within the Buyout Interest Area. However, owners that volunteer for buyout on homes that qualify as their second home at the time of the disaster, or following the disaster, are often not eligible to participate in the buyout program and are not eligible for residential incentives.

	Second Home Definition	Buyout of Second Homes Allowable?	Housing Incentives Allowable?
2015 81 FR 39687	IRS Publication 936 ¹³	No	No
2016	IRS Publication 936	No	No

¹³ IRS definition of Second home- A second home is a home that you choose to treat as your second home. Second home not rented out- If you have a second home that you don't hold out for rent or resale to others at any time during the year, you can treat it as a qualified home. You don't have to use the home during the year. Second home rented out- If you have a second home and rent it out part of the year, you also must use it as a home during the year for it to be a qualified home. You must use this home more than 14 days or more than 10% of the number of days during the year that the home is rented at a fair rental, whichever is longer. If you don't use the home long enough, it is considered rental property and not a second home.

81 FR 83254			
2017 PL 115-31 (82 FR 61320) 83 FR 5844	IRS Publication 936	No	No
2017 PL 115-123 (83 FR 5844)	A second home is defined under this notice as a home that is not the primary residence of the owner, a tenant, or any occupant at the time of the storm or at the time of application for assistance.	Yes	No

Occupancy

To confirm owner occupancy, the program looks for a homestead exemption in the property tax records in the applicant's name for the time of the storm. This will be verified through Harris County Appraisal District (HCAD). If the property tax records have established a homestead exemption, the property is considered occupied by the applicant. In the absence confirmation of a homestead exemption from records provided by the County, the following hierarchy will be used to establish occupancy (all occupancy documentation must be from one month prior to the storm, in the applicant or co-applicant's name, and the damaged address):

1. Property tax records demonstrating homestead exemption for the property;
2. Copy of electric, gas, or water bill. The bill must confirm that service was provided in the month of or the month prior to the storm;
3. Letter from electric, gas, or water company. The letter must confirm that service was provided in the month of or the month prior to the storm;
4. Other qualified documents may be presented to the county for consideration of proof of occupancy.

For tenant occupied housing, rental lease agreements will be used to verify occupancy.

Special Circumstances Related to Occupancy

1. Active duty military personnel who own a storm-damaged home in Harris County but are currently assigned to duty away from their home or were assigned to duty away from their home at the time of the storm are eligible.
2. Applicants incapacitated due to illness who own a storm damaged home in Harris County and are currently incapacitated or were incapacitated at the time of the storm are eligible.
3. Applicants who were incarcerated at the time of the storm but are no longer incarcerated are eligible to apply for the program. If the applicant is incarcerated at the time of application, the applicant must give someone Power of Attorney on his or her behalf.
4. Applicants who were in a nursing home at the time of the storm but are no longer in a nursing home are eligible. If the applicant is in a nursing home at the time of application, the applicant must give someone Power of Attorney on his or her behalf.

Death of Eligible Owner

1. If the homeowner passes away before closing the transaction occurs the heir to the property may be eligible to proceed with the sale of the property once succession has been established. The heir must meet all eligibility requirements.
2. If an eligible owner dies and leaves their damaged property to a business entity, the application is ineligible for assistance.

Income

The buyout program requires that each applicant household provide their household income for purpose of determining their eligibility to receive assistance. Income amounts will be verified through the Income Policies and Procedures. The Department of Housing and Urban Development's (HUD) Income Calculator or a similar calculator tool will be used to determine if applicant meets HUD's low to-moderate income criteria. The program will use the 24 CFR Part 5 definition of annual income. **(See Income Policies and Procedures)**. Household income must not exceed the low-income limit (80 percent of area median income) for the area for LMI households and 120-percent for Urgent Need households. Income limits are established by HUD and updated annually.

Amount of Assistance

Harris County has been allocated funding from the U.S. Department of Housing and Urban Development (HUD) via the Texas General Land Office (GLO) for disaster recovery projects related to the 2015, 2016, and 2017 federally declared disaster events. Harris County will use the approximately \$246.8 million in Community Development Block Grant Disaster Recovery (CDBG-DR) funds for the acquisition of approximately 1006 properties. Based on the availability of funds, there may be multiple rounds for the Disaster Recovery Buy-Out Program to assist additional properties as preliminary Harris County estimates identified the need for approximately 4,000 properties that may be eligible for a buyout program and has currently identified roughly 1,100 homes within HCFCID Interest Areas.

Table 4. Harris County Buyout Funding, 2015, 2016, 2017

Year	Amount	Estimated Number of Buyouts
2015	\$1,350,956	8
2016	\$2,884,314	13
2017- 1 st Allocation	\$42,540,800	185
2017- 1 st Round	\$200,000,000	800
TOTAL	\$246,776,070	1006

The maximum assistance amount of CDBG-DR buyout funds will be capped at the FHA Mortgage Limits for Harris County (see **Table 2. Buyout National Objective** for FHA Mortgage Limits). It is anticipated that the average assistance amount per household will be approximately **\$230,000.00**. Eligible costs included in the buyout maximum assistance amount are:

- buyout purchase price¹⁴,
- clearance and demolition¹⁵,
- moving expenses,
- settlement costs,
- a replacement housing incentive payment of up to \$31,000,
- down payment assistance
- rehabilitation incentive
- equity incentive, and
- a social vulnerability **incentive of 5 percent of pre-disaster fair market value**¹⁶

Incentives

Harris County will provide eligible participants with housing incentives to relocate to areas with a reduced risk of flooding. The purpose of the incentives is to allow owners the ability to relocate to an area with reduced risk of flooding while not being made worse off financially or in terms of housing quality by participating in the program. While housing incentives are allowable, they must be justified and reasonable. Federal regulations prohibit the buyout program from providing compensation payment.

Replacement Housing Incentive

The replacement housing incentive is necessary due to increased housing costs following the three years of repetitive flooding and the devastation caused by Hurricane Harvey and will be provided to households purchasing a more expensive home in Harris County, up to the amount by which the new home price exceeds the buy-out home not to exceed \$31,000.

Social Vulnerability Incentive

The social vulnerability incentive will be available to those participants who live in buyout areas that are also socially vulnerable areas, as measured by the Social Vulnerability Index.¹⁷

Rehabilitation Incentive

To encourage participation in the buyout program without making applicants worse off in terms of housing quality, Harris County will offer a rehabilitation incentive to applicants whose replacement

¹⁴ Purchase price set at pre-storm fair market value due to significant decrease in home values in the Buyout Interest Areas due to damage caused by the disasters.

¹⁵ Demolition costs can include the actual demolition of the existing structures on the property, clearing the property, and proper disposal of resulting debris.

¹⁶ The replacement housing incentive is set at the maximum Replacement Housing Assistance allowed by the Stafford Act. The median list price of homes in Harris County in 2017 was \$280,000 while the average buyout amount of homes purchased through HCFCDD, including incentive, demolition, and clearance was approximately \$200,000 leaving people who need to move with an average cost of replacement housing of over \$80,000. For this reason, all homeowners participating in the buyout are eligible for up to the maximum Replacement Housing Assistance allowed by the Stafford Act.

¹⁷ The Social Vulnerability Index (SoVI®), published by the Hazards and Vulnerability Research Institute (HVRI) at the University of South Carolina, measures the resilience of communities when confronted by external stresses on human health, stresses such as natural or human-caused disasters, or disease outbreaks. Reducing social vulnerability can decrease both human suffering and economic loss. HVRI's Social Vulnerability Index uses data from the American Community Survey compiled by the U.S. Census Bureau, the Geographic Names and Information System (GNIS), and model-based Small Area Health Insurance Estimates (SAHIE) published by the U.S. Census Bureau to help local officials identify communities that may need support in preparing for hazards, or recovering from disaster.

home needs repairs to make the home decent, safe, and sanitary. The rehabilitation incentives will follow the rehabilitation caps set by the Rehabilitation and Reconstruction Program Guidelines.

Down Payment Assistance

To encourage participation in the buyout program without making applicants worse off financially, Harris County will offer down payment and closing cost assistance to applicants who need gap financing for the purchase of a replacement home. This assistance will cover up to 100 percent of down payment and closing costs for the purchase of a replacement home.

Equity Incentive

Some households interested in participating in the voluntary buyout program may be hindered by the prospect of being put into a worse financial situation because of increased housing costs throughout Harris County. For example, a family who does not currently owe any debt on a home but because of having to move may now have to pay a mortgage. This incentive is provided to households that agree to purchase a home at or under 80 percent of the area median value (\$169,679.00) and will cover the balance of the cost of the replacement home up to the households current debt on the buyout home.

Exceptions

Applicants that exceed the funding cap due to the appraisal value will be reviewed on a case-by-case basis and may be considered for a funding cap exception. Applicants will be allowed to submit a written request for a funding cap exception. These requests will be reviewed by the Director, the extenuating circumstances documented, and approved on an as needed basis.

The Buy-Out Program will allow coverage of eligible costs within the maximum assistance cap when the buyout is a result of environmental review restrictions in which the environmental review deems the property not eligible for other rehabilitation or reconstruction assistance. If the buyout is the result of environment review restrictions where the property is not eligible for other rehabilitation or reconstruction assistance, Harris County will review each case, which may exceed the maximum assistance cap, on a case-by-case basis.

Moving Costs and Relocation

If the buyout is a voluntary acquisition of a owner-occupied residence, owners are not entitled to assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). However, moving expenses may be provided if funds are available under the maximum award after buy-out and demolition costs are covered. For voluntary, owner-occupied buyouts moving expenses will be covered as a stipend of \$5,000. In the event that the \$5,000 stipend does not cover all moving expenses, the owner may submit receipts for reimbursement provided they received at least two bids and selected the lower of the bids.

If a rental home is purchased through the buyout program and contains tenants that will be required to relocate, they are considered displaced persons who are eligible for relocation benefits under the Uniform Relocation Act (URA).

As a displaced tenant under the URA, the County will adhere to all relocation notification requirements of the URA. Additionally, a tenant can receive two types of replacement housing assistance: a moving allowance, and a replacement housing allowance. The moving allowance can be an actual reasonable moving and related expenses reimbursement, or a fixed payment for moving expenses determined by a schedule published by the Federal Highway Administration. The replacement housing allowance can take two forms. If the displaced tenant chooses to continue to rent a dwelling, the award amount they are eligible for is 42 months times the difference in rent/utilities of their new home and their buyout dwelling (including lot rent, if a mobile home unit). Maximum replacement housing assistance is capped at \$7,200 for 90-day tenant occupants, except in situations where housing of last resort applies. Another option is for the displaced tenant to purchase a new home and receive a lump sum down payment form of assistance. If the displaced tenant elects to receive lump sum down payment assistance, their award cannot exceed what they would have been eligible for had they continued to rent a unit.

HUD Handbook 1378 contains additional guidance on mobile home relocation under the URA:

“1) Replacement Housing Payment is based on Dwelling and Site. Both the mobile home and mobile home site must be considered when computing a replacement housing payment. (A displaced mobile home occupant may have owned the displacement mobile home and rented the site, or rented the displacement mobile home and owned the site, or owned both the mobile home and the site, or rented both the mobile home and the site.) Also, a displaced mobile home occupant may elect to purchase a replacement mobile home and rent a replacement site, rent a replacement mobile home and purchase a replacement site, purchase both a replacement mobile home and replacement site, or rent both a replacement mobile home and site. In such cases, the total replacement housing payment shall consist of a payment for a dwelling and a payment for a site, each computed under the applicable requirements in 49 CFR 24.401 and 49 CFR 24.402.”

When the maximum replacement housing assistance under the URA is calculated, differential payment for the dwelling and site are both included. If a mobile home owner-occupant then chooses to purchase a stick-built home rather than a mobile home, they are eligible to receive the same amount of replacement housing assistance as if they were to purchase a mobile home and lot. The State will allow the rental assistance payment for the site differential cost to be considered when computing the total replacement housing assistance due in this situation.

Offer

Once the applicant has been determined eligible for buyout assistance, Harris County will provide the applicant with a buyout offer in accordance with the appraised value (pre-disaster fair market value). Funding will include buy-out assistance, moving expenses, and coverage of demolition costs when there are no other resources available, and when the buyout is a result of environmental review restrictions in which the environmental review deems the property not eligible for other rehabilitation or reconstruction assistance.

Eligible Use of Funds

1. **Appraised Property Buy Out Costs**
2. **Settlement Costs**
 - a. Appraisal Cost
 - b. Appraisal Review

- c. Title Search
 - d. Harris County Document Signing
 - e. Credit Check
 - f. Environmental Impact Assessment Costs
 - g. Inspection Costs
 - h. Deed Conversion Fees
 - i. Recording Fees
 - j. Other Associated Closing Costs outline in the HUD 1
3. **Demolition Costs** including the actual demolition of the existing structures on the property, clearing the proper, and proper disposal of resulting debris
 4. **Moving expenses** – to cover the cost of moving associated with participation in the buyout program.
 5. **Replacement Housing Incentive** – to cover the difference in purchase price of the buyout home and a more expensive replacement home in Harris County, up to \$31,000.
 6. **Social Vulnerability Incentive** – provided as an incentive to households in socially vulnerable communities to encourage social cohesion.
 7. **Down Payment Assistance**- provided as gap financing to cover up to 100 percent of down payment and closing costs for a replacement home
 8. **Rehabilitation Incentive**- provided as an incentive to households to rehabilitate their replacement home to meet decent, safe, and sanitary standards.
 9. **Equity Incentive**- provided to households who agree to purchase a home at or under 80 percent of area median value (\$169,679.00) to create an equitable financial participation to volunteers
 10. **Relocation Advisory Services** – additional case management and real estate services to assistance vulnerable households locate eligible housing in lower risks areas.

Duplication of Benefits

Federal law prohibits any person, business concern, or other entity from receiving Federal funds for any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source. A duplication of benefits (DOB) occurs when:

- a beneficiary receives assistance, and
- the assistance is from multiple sources, and
- the assistance amount exceeds the need for a particular recovery purpose

To ensure that Harris County does not provide a duplication of benefits, the County will adhere to the following general process:

1. determination of the applicant's total need
2. identify all potentially duplicative assistance
3. determine whether assistance was duplicative
4. deduct duplicative assistance from the applicant's total need

Recapture Duplication of Benefits

If a duplication of benefits is identified, Harris County will recapture funds to the extent they are in excess of the need and duplicate other assistance received by the beneficiary for the same purpose.

Sources of Duplication of Benefits

The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits (DOB). Under federal law DOB must be deducted from the assistance amount (the amount that will be offered for the purchase of the home): FEMA Individual Assistance (IA), FEMA National Flood Insurance Program (NFIP), Private Insurance, Small Business Administration (SBA) and other sources. Assistance received in the form of services instead of money, for home repairs from any source is not considered a duplication of benefits. Any additional duplication of benefits received by the applicant after the offer for purchase has been extended, the funding for the purchase of the home has been awarded or the purchase transaction has occurred, must be applied to reduce the award amount. Funds received from any source including flood insurance, FEMA and hazard insurance that were used to cover repair to the applicant's home do not reduce the amount of disaster assistance if the evidence of expenditures at least equals the amount of assistance. Documentation must be provided demonstrating the cost and type of repair conducted. Harris County will conduct a work write-up that will inspect, confirm and estimate value of repairs based upon applicant's statement of repair work already completed.

FEMA Individual Assistance (FEMA IA)

FEMA IA will be determined and verified by Harris County through the FEMA database. If Harris County is unable to verify the FEMA IA amount through the FEMA database, Harris County will use the payment amount provided by the applicant at the time of application. If an applicant is able to provide documentation demonstrating that the FEMA IA amount provided by the FEMA database includes amounts not paid to cover structural loss, Harris County will use the documentation provided by the applicant to adjust the FEMA IA payout amount. The documentation provided by the applicant must come from FEMA.

FEMA National Flood Insurance Program (NFIP)

Harris County will check all applicants for NFIP to verify whether they maintained flood insurance. Any payments for loss to the dwellings under NFIP insurance policies are deducted from the amount the applicant is eligible to receive. Payments for contents or other expenses are not deducted from the applicant's award.

The payment to applicants under NFIP policies will be determined and verified by Harris County through the FEMA database and cross referenced with Texas GLO data. If Harris County is unable to verify the NFIP insurance proceeds through the NFIP database, Harris County will use documentation supplied by the applicant. If an applicant is able to provide documentation demonstrating that the insurance proceeds amount provided by the FEMA database includes items not covered in the home evaluation or not paid to cover structural loss, Harris County will use the documentation provided by the applicant to adjust the insurance payout. The documentation provided by the applicant must come from the insurance company which issued the payments.

Increased Cost of Compliance (ICC)

The program will determine duplication of benefits regarding Increased Cost of Compliance funds for elevation and/or demolition activities.

If severe property damage occurs as a result of flooding, before repair or rebuild activities can occur, it may be required by law that the damaged property meet community ordinances and/or state floodplain management standards. ICC coverage provides funding to help cover the costs of meeting those requirements with the intent aimed at reducing future flood damage. ICC coverage is separate from and in addition to insurance coverage that provides for structural or personal flood damage repairs.

Private Insurance

All private insurance settlement amounts for loss to dwellings are deducted from the applicant's award. Private insurance payments for contents or other expenses such as fences, storage sheds, etc., are not deducted from the applicant's award.

Insurance proceeds are determined and verified by Harris County through the applicant's insurance settlement. If an applicant is able to provide documentation demonstrating that the insurance proceeds amount provided by the insurance company includes items not covered in the home evaluation or not paid to cover structural loss, Harris County may use the documentation provided by the applicant to adjust the private insurance DOB. Mold remediation is not included in the home evaluation. Therefore, insurance payments to cover mold remediation are not deducted from an applicant's funding assistance award. The documentation provided by the applicant must come from the insurance company which issued the payments.

The Small Business Administration (SBA)

SBA loan proceeds available to the applicant are a duplication of benefit (DOB). Any proceeds available for repair to the dwellings less any verifiable expenditures used for temporary repairs to the dwelling under Small Business Administration Disaster Assistance are deducted from the amount the applicant is eligible to receive. Payments for contents or other expenses are not deducted from the applicant's award.

Other Sources of Duplication of Benefits

Following a disaster, charitable organizations provide many kinds of contributions, including donations, grants, or loans among other types of assistance. Grants and cash donations designated for specific eligible work, even when provided from non-Federal sources, but designated for the same purpose as Federal disaster funds generally are considered a duplication of benefit. Grants and cash donations received for unspecified purposes (e.g., "for disaster recovery/relief efforts"), or for work not eligible for federal assistance, do not constitute a duplication of benefits.

Adjustments and Offset to the Amount of Assistance

Adjustments and offsets are deducted from the award amount.

No receipts provided

If the household is unable to provide receipts to show work completed for assistance amounts received for housing repair and/or replacement, the full amount of housing repair and/or replacement assistance previously received must be deducted from the amount of funding for which the household would otherwise be eligible.

Partial receipts provided

If partial receipts are provided by the household documenting that only a portion of the housing repair and/or replacement assistance previously received was used as intended, the amount received not supported by receipts must be deducted from the amount of funding for which the household would otherwise be eligible.

All receipts provided

If receipts are provided by the household documenting that the full amount of housing repair and/or replacement assistance previously received was used as intended, no deduction is made from the award amount for which the household is eligible.

In instances where no receipts or only partial receipts were provided by the homeowner, Harris County may consider self-certifications when calculating the amount of assistance that can be provided. In these instances, the following requirements apply:

1. The homeowner must provide a signed self-certified statement that documents in detail all labor and or repairs made to the damaged property following the hurricane; **and**
2. A Certified Inspector must determine with reasonable assurance that the repairs were made after the date of the hurricane; **and**
3. Harris County will document, through photographs, the repairs that were made.

A Certified Inspector(s) is a person or persons hired by Harris County, qualified to inspect for labor and/ or repairs made to the damaged home in the absence of receipts. In conjunction with site inspections, self-certified statements of homeowners must be reviewed in detail by a Certified Inspector to determine:

1. Whether the home was repaired;
2. Whether the repairs could be reasonably determined as occurring after the hurricane; and
3. A reasonable value of the cost of repairs to the home (including labor).

Although Rental Assistance is not considered to be a source of DOB under this Program, temporary housing expenses can offset the potential DOB amount. To offset the total amount, the following applies:

1. The offsetting amount would be the amount of documented expenses that **exceed** the amount received for Rental Assistance.
2. Self-certifications of the amount spent on or the value of rental resources obtained **is not sufficient to off-set potential DOB**.

Applicants can provide documentation for allowable activities to off-set potential DOB. Allowable activities are temporary housing such as rent, hotel stays and applicable utilities that occurred because of temporary displacement from their primary residence because of the disaster. Eligible temporary displacement is from the time of the storm until the date of the verification letter. Evacuation costs are not eligible for DOB Offset.

If an applicant was a victim of contractor fraud, the amount paid to the contractor may not be counted as a duplication of benefit. The applicant would have had to file a police report before the date of the application submitted. If an applicant's mortgage company placed a force payment on insurance proceeds, the insurance amount may not count as a duplication of benefits. The applicant would have to provide the document proving that the mortgage company did not release the insurance proceeds.

Legal Fees

Legal fees that were paid to successfully obtain insurance proceeds will be credited to applicant and will not be deducted as part of the duplication of benefits calculation. Applicants must provide evidence of payment and self-certify in accordance with Harris County policy in order to be credited.

Tax filings related to losses to the home do not affect funding assistance awards and are not considered a duplication of benefits. Applicants should consult a personal tax consultant about any tax related matters.

Buyout Award Determination

Harris County will provide eligible participants with the pre-disaster fair market value, less any duplication of benefits, plus moving and settlement costs, plus a Replacement Housing Incentive, Social Vulnerability Incentive, Rehabilitation Incentive, Down Payment Assistance, and an Equity Incentive.

Buyout Calculation Examples

Lowest Pre-Storm HCAD Market Value Example

A volunteer in a buyout area has owned their home for twenty-five years and does not have any debt on their home. Their home is located in the Allen Field neighborhood and had a pre-disaster fair market value (FMV) of \$22,000¹⁸. The family would like to buy a replacement house in an area of reduced flood risk within Harris County for \$160,000 (70 percent of Harris County's average single-family parcel, pre-storm HCAD Market value), but it needs \$20,000 of repairs to make it decent, safe, and sanitary.¹⁹ The volunteer is eligible to receive pre-disaster FMV, less any duplication of benefits, plus eligible incentives. The family has agreed to purchase a home at or under 80 percent of area median value (\$169,679.00) in order to qualify for the equity incentive.

Buyout Determination	
Pre-disaster FMV	\$22,000
Duplication of Benefits (FEMA Repair)	\$0
Buyout Purchase Amount	\$22,000

Additionally, the applicant is eligible to receive settlement costs of 10 percent of pre-disaster FMV and a moving stipend of \$5,000.

Buyout Purchase Amount	\$22,000
Settlement Costs (10% of Pre-disaster FMV)	\$2,200
Moving Stipend	\$5,000
Total Buyout Amount	\$29,200

Finally, applicants are eligible for buyout incentive payments including a replacement housing incentive of up to \$31,000, a social vulnerability incentive of 5 percent of pre-disaster FMV, rehabilitation incentive, and down payment assistance. The replacement housing incentive will be provided to households purchasing a more expensive home in Harris County, up to the amount by which the new home price exceeds the buy-out purchase amount not to exceed \$31,000.

Replacement Housing Cost	\$ 160,000.00
Buyout Purchase Amount	\$ 22,000.00
Difference	\$ 138,000.00

¹⁸ \$22,000 represents the median single-family parcel, pre-storm HCAD Market Value for the neighborhood. It also represents just 10 percent of the average single-family parcel value for all of Harris County.

¹⁹ In this example, a family who owns a home with a value of 10 percent of the average home value in Harris County, is seeking to purchase a home that's 70 percent of the area median home value and that needs \$20,000 of repairs to make it decent, safe, and sanitary, presumably bringing the resulting home value up to around 80 percent of the median home value (HUD income limits usually consider the 80 percent of area median).

Replacement Housing Incentive (Lesser of Difference or \$31,000)	\$ 31,000.00
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The Harris County Buyout Program will also provide a Social Vulnerability incentive to help provide cohesion to socially vulnerable communities as well as a rehabilitation incentive, subject to the Harris County rehabilitation assistance caps, for replacement homes requiring rehabilitation to make them decent, safe, and sanitary.

Incentive	
Replacement Housing Incentive	\$31,000
Social Vulnerability Incentive (5% Pre-Storm FMV)	\$1,100
Rehab Incentive	\$20,000
<i>Initial Incentive Amount</i>	<i>\$52,100</i>

We first calculate the initial incentive amount to help determine the equity incentive. TO determine the amount of equity incentive needed we have to determine the purchase amount remaining after accounting for all other incentives and any debt remaining on the buyout home.

The initial buyout award amount includes the total buyout amount plus the initial incentive amount:

Initial Buyout Amount	
Total Buyout Amount	\$29,200
Initial Incentive Amount	\$52,100
<i>Initial Buyout Award</i>	<i>\$81,300</i>

The following table illustrates how the equity incentive amount is determined:

Funds Available via Buyout Program	
1. Initial Buyout Award	\$81,300
2. Expenses	
a. Household's Mortgage Balance	\$0
b. Moving Costs	\$5,000
c. Settlement Costs	\$2,200
<i>Total Expenses (a+b+c)</i>	<i>\$7,200</i>
3. Rehabilitation Incentive	\$20,000
4. Total Funds Available for Replacement Housing (1. Final Buyout Amount – 2. Total Expenses- 3. Rehabilitation Incentive)	\$54,100
a. Percent Down Payment = [(3. Total Funds Available for Replacement Housing/ Replacement Housing Cost)*100] excludes amounts for repair of replacement home	33.81%
b. Remaining Purchase Balance	\$105,900
c. Debt on Buyout Home	\$0
d. Equity Incentive (Remaining Purchase Balance – Debt on Buyout Home= <i>Equity Incentive</i>)	\$105,900
e. Final Remaining Purchase Balance	\$0

Total Incentive	
Replacement Housing Incentive	\$31,000
Social Vulnerability Incentive (5% Pre-Storm FMV)	\$1,100
Rehab Incentive	\$20,000
Equity Incentive	\$105,900
<i>Final Incentive Amount</i>	<i>\$158,000</i>

After calculating the final incentive amount, we have to calculate the final buyout amount to make sure that the assistance amount does not exceed the assistance amount cap.

The final buyout award amount includes the total buyout amount plus the final incentive amount:

Final Buyout Amount	
Total Buyout Amount	\$29,200
Final Incentive Amount	\$158,000
<i>Final Buyout Award (Not to Exceed the FHA Mortgage Limits)</i>	<i>\$187,200</i>

In this example, the equity incentive provides a very important element of the voluntary buyout program. It allows a family the opportunity to move from harm's way while sustaining a financial situation similar to what they had before participating in the program. Prior to participation the family owned their home with no debt. Without the equity incentive the family may have had a difficult time finding a home within their budget or been forced to take on debt that perhaps the family could not afford or could not qualify for. With the equity incentive, the family is able to move from harm's way, into a home where they do not have to carry debt (like they had before), and the County is able to return the property to help with flood reduction.

Median Buyout Calculation Example

A volunteer in a buyout area has owned their home for five years and owes \$108,000 on their home that had a pre-disaster fair market value (FMV) of \$130,000²⁰. They are buying a replacement house in an area of reduced flood risk within Harris County for \$170,000²¹. The volunteer is eligible to receive pre-disaster FMV, less any duplication of benefits.

Buyout Determination	
Pre-disaster FMV	\$130,000
Duplication of Benefits (FEMA Repair)	\$13,000
<i>Buyout Purchase Amount</i>	<i>\$117,000</i>

Additionally, the applicant is eligible to receive settlement costs of 10 percent of pre-disaster FMV and a moving stipend of \$5,000.

<i>Buyout Purchase Amount</i>	<i>\$117,000</i>
Settlement Costs (10% of Pre-disaster FMV)	\$13,000
Moving Stipend	\$5,000
<i>Total Buyout Amount</i>	<i>\$135,000</i>

Finally, applicants are eligible for buyout incentive payments including a replacement housing incentive of up to \$31,000 and a social vulnerability incentive of 5 percent of pre-disaster FMV. The replacement housing incentive will be provided to households purchasing a more expensive home in Harris County, up to the amount by which the new home price exceeds the buy-out purchase amount not to exceed \$31,000.

Replacement Housing Cost	\$ 170,000.00
Buyout Purchase Amount	\$ 117,000.00
Difference	\$ 53,000.00
Replacement Housing Incentive (Lesser of Difference or \$31,000)	\$ 31,000.00

The Harris County Buyout Program will also provide a Social Vulnerability incentive to help provide cohesion to socially vulnerable communities.

Incentive	
Replacement Housing Incentive	\$31,000
Social Vulnerability Incentive	\$6,500
	\$51,000
<i>Total Incentive Amount</i>	<i>\$88,500</i>

²⁰ \$130,000 represents the average pre-disaster HCAD Market Value for single family parcels in the Buyout Interest Areas.

²¹ \$170,000 represents the median pre-disaster HCAD Market Value for single family parcels in Harris County.

The final buyout award amount includes the total buyout amount plus the total incentive amount, not to exceed the FHA Mortgage Limit for Harris County:

Final Buyout Amount	
Total Buyout Amount	\$135,000
Total Incentive Amount	\$88,500
<i>Final Buyout Award (Not to Exceed FHA Mortgage Limit)</i>	<i>\$223,500</i>

The following table illustrates how the household in our example fared with the buyout proceeds and new home. The final buyout award allowed the household to pay off their remaining mortgage balance, cover moving and settlement costs, and have enough to put 20 percent down, cover closing costs, and put some additional money down to reduce the principal balance on the new home. The new home cost \$170,000 but with the funds available through the buyout program, the household in our example is left with a remaining mortgage balance of \$72,500- which is less than the prior mortgage balance of \$108,000 and allows the family to move to comparable housing with a more affordable mortgage payment.

Funds Available via Buyout Program	
5. <i>Final Buyout Award (Not to Exceed FHA Mortgage Limit)</i>	<i>\$223,500</i>
6. Expenses	
a. Household's Mortgage Balance	\$108,000
b. Moving Costs	\$5,000
c. Settlement Costs	\$13,000
<i>Total Expenses (a+b+c)</i>	<i>\$126,000</i>
7. <i>Total Funds Available for Replacement Housing (1. Final Buyout Amount – 2. Total Expenses)</i>	<i>\$97,500</i>
a. Down Payment and Closing Costs	\$51,000
b. Assistance Amount to Apply to Principal	\$46,500
c. Remaining Mortgage Balance	\$72,500

Median Buyout Calculation Example #2

A volunteer in a buyout area has owned their home for twenty-five years and does not have any debt on their home that had a pre-disaster fair market value (FMV) of \$130,000²². They are buying a replacement house in an area of reduced flood risk within Harris County for \$170,000²³. The volunteer is eligible to receive pre-disaster FMV, less any duplication of benefits.

Buyout Determination	
Pre-disaster FMV	\$130,000
Duplication of Benefits (FEMA Repair)	\$13,000
<i>Buyout Purchase Amount</i>	<i>\$117,000</i>

Additionally, the applicant is eligible to receive settlement costs of 10 percent of pre-disaster FMV and a moving stipend of \$5,000.

<i>Buyout Purchase Amount</i>	<i>\$117,000</i>
Settlement Costs (10% of Pre-disaster FMV)	\$13,000
Moving Stipend	\$5,000
<i>Total Buyout Amount</i>	<i>\$135,000</i>

Finally, applicants are eligible for buyout incentive payments including a replacement housing incentive of up to \$31,000 and a social vulnerability incentive of 5 percent of pre-disaster FMV. The replacement housing incentive will be provided to households purchasing a more expensive home in Harris County, up to the amount by which the new home price exceeds the buy-out purchase amount not to exceed \$31,000.

Replacement Housing Cost	\$ 170,000.00
Buyout Purchase Amount	\$ 117,000.00
Difference	\$ 53,000.00
Replacement Housing Incentive (Lesser of Difference or \$31,000)	\$ 31,000.00

The Harris County Buyout Program will also provide a Social Vulnerability incentive to help provide cohesion to socially vulnerable communities.

Incentive	
Replacement Housing Incentive	\$31,000
Social Vulnerability Incentive	\$6,500
<i>Initial Incentive Amount</i>	<i>\$37,500</i>

²² \$130,000 represents the average pre-disaster HCAD Market Value for single family parcels in the Buyout Interest Areas.

²³ \$170,000 represents the median pre-disaster HCAD Market Value for single family parcels in Harris County.

The initial buyout award amount includes the total buyout amount plus the initial incentive amount and is used to determine how much, if any, down payment and closing cost assistance may be provided:

Initial Buyout Amount	
Total Buyout Amount	\$135,000
Initial Incentive Amount	\$37,500
<i>Initial Buyout Award</i>	<i>\$172,500</i>

As illustrated in the following example, the Total Funds Available for Replacement Housing is adequate enough relative to the cost of the Replacement Housing that after down payment and closing costs are covered, the Assistance Amount Remaining leaves a Remaining Purchase Balance of \$32,500 to be funding through the Down Payment and Closing Cost Assistance.

Funds Available via Buyout Program	
8. Initial Buyout Award (Not to Exceed FHA Mortgage Limit)	\$172,500
9. Expenses	
a. Household's Mortgage Balance	\$0
b. Moving Costs	\$5,000
c. Settlement Costs (Buyout Home)	\$13,000
<i>Total Expenses (a+b+c)</i>	<i>\$18,000</i>
10. Total Funds Available for Replacement Housing (1. Final Buyout Amount – 2. Total Expenses)	\$154,500
a. Down payment	\$34,000
b. Closing costs	\$17,000
c. Assistance Amount Remaining	\$103,500
d. Remaining Purchase Balance (Purchase Price- Down Payment)	\$136,000
e. Down Payment and Closing Cost Assistance Needed	\$32,500

The following tables illustrate how the household in our example fared with the buyout proceeds and new home. The final buyout award allowed the household to move into a new home and keep their financial situation nearly equal to what they were in prior to participation in the program. The assistance amounts allowed them to cover moving and settlement costs, down payment and closing costs, and cover the remaining purchase price of their replacement home.

Final Incentive	
Replacement Housing Incentive	\$31,000
Social Vulnerability Incentive	\$6,500
Down Payment and Closing Cost Assistance	\$32,500
<i>Final Incentive Amount</i>	<i>\$70,000</i>

The final buyout award amount includes the total buyout amount plus the final incentive amount:

Final Buyout Amount	
Total Buyout Amount	\$135,000
Final Incentive Amount	\$70,000
<i>Final Buyout Award (Not to Exceed FHA Mortgage Limit)</i>	<i>\$205,000</i>

Funds Available via Buyout Program	
<i>11. Final Buyout Award (Not to Exceed FHA Mortgage Limit)</i>	<i>\$205,000</i>
12. Expenses	
a. Household's Mortgage Balance	\$0
b. Moving Costs	\$5,000
c. Settlement Costs (Buyout Home)	\$13,000
<i>Total Expenses (a+b+c)</i>	<i>\$18,000</i>
13. Total Funds Available for Replacement Housing (1. Final Buyout Amount – 2. Total Expenses)	\$187,000
a. Down payment	\$34,000
b. Closing costs	\$17,000
c. Purchase Amount Remaining (Purchase Price- Down Payment)	\$136,000
d. Assistance Amount Remaining (13. Total Funds Available for Replacement Housing – Down Payment- Closing Costs)	\$136,000
e. Remaining Purchase Balance	\$0

Average Buyout Calculation Example

A volunteer in a buyout area has owned their home for five years and owes \$108,000 on their home that had a pre-disaster fair market value (FMV) of \$130,000²⁴. They are buying a replacement house in an area of reduced flood risk within Harris County for \$225,000²⁵. The volunteer is eligible to receive pre-disaster FMV, less any duplication of benefits.

Buyout Determination	
Pre-disaster FMV	\$130,000
Duplication of Benefits (FEMA Repair)	\$15,000
<i>Buyout Purchase Amount</i>	<i>\$115,000</i>

Additionally, the applicant is eligible to receive settlement costs of 10 percent of pre-disaster FMV and a moving stipend of \$5,000.

<i>Buyout Purchase Amount</i>	<i>\$115,000</i>
Settlement Costs (10% of Pre-disaster FMV)	\$13,000
Moving Stipend	\$5,000
<i>Total Buyout Amount</i>	<i>\$133,000</i>

Finally, applicants are eligible for buyout incentive payments including a replacement housing incentive of up to \$31,000 and a social vulnerability incentive of 5 percent of pre-disaster FMV. The replacement housing incentive will be provided to households purchasing a more expensive home in Harris County, up to the amount by which the new home price exceeds the buy-out purchase amount not to exceed \$31,000.

Replacement Housing Cost	\$ 225,000.00
Buyout Purchase Amount	\$ 115,000.00
Difference	\$ 110,000.00
Replacement Housing Incentive (Lesser of Difference or \$31,000)	\$ 31,000.00

The Harris County Buyout Program will also provide a Social Vulnerability incentive to help provide cohesion to socially vulnerable communities.

Initial Incentive	
Replacement Housing Incentive	\$31,000
Social Vulnerability Incentive	\$6,500
<i>Initial Incentive Amount</i>	<i>\$37,500</i>

²⁴ \$130,000 represents the average pre-disaster HCAD Market Value for single family parcels in the Buyout Interest Areas.

²⁵ \$225,000 represents the median pre-disaster HCAD Market Value for single family parcels in Harris County.

The initial buyout award amount includes the total buyout amount plus the initial incentive amount, and is used to determine how much, if any, down payment and closing cost assistance may be required:

Initial Buyout Amount	
Total Buyout Amount	\$138,000
Initial Incentive Amount	\$37,500
<i>Initial Buyout Award (Not to Exceed FHA Mortgage Limit)</i>	<i>\$175,500</i>

As illustrated in the following example, the Total Funds Available for Replacement Housing is adequate enough relative to the cost of the Replacement Housing that after down payment and closing costs are covered, the Assistance Amount Remaining leaves a Remaining Purchase Balance of \$67,500 to be funding through the Down Payment and Closing Cost Assistance.

Funds Available via Buyout Program	
<i>14. Initial Buyout Award (Not to Exceed FHA Mortgage Limit)</i>	<i>\$175,500</i>
15. Expenses	
a. Household's Mortgage Balance	\$108,000
b. Moving Costs	\$5,000
c. Settlement Costs (Buyout Home)	\$13,000
<i>Total Expenses (a+b+c)</i>	<i>\$126,000</i>
<i>16. Total Funds Available for Replacement Housing (1. Final Buyout Amount – 2. Total Expenses)</i>	<i>\$49,500</i>
a. Down payment	\$45,000
b. Closing costs	\$22,500
c. Assistance Amount Remaining	-\$18,000
d. Remaining Purchase Balance (Purchase Price- Down Payment)	\$136,000
e. Down Payment and Closing Cost Assistance Needed	\$67,500

After determining the amount of down payment and closing cost assistance needed, the incentive amounts are as follows:

Final Incentive	
Replacement Housing Incentive	\$31,000
Social Vulnerability Incentive	\$6,500
Down Payment and Closing Cost Assistance	\$67,500
<i>Final Incentive Amount</i>	<i>\$105,000</i>

Final Buyout Amount	
Total Buyout Amount	\$138,000
Final Incentive Amount	\$105,000
<i>Final Buyout Award (Not to Exceed FHA Mortgage Limit)</i>	<i>\$243,000</i>

As can be seen in the table below, the household that chose to purchase a \$225,000 home will still be left with \$130,500 to finance, but relative to the \$108,000 mortgage balance that they previously carried on a home worth nearly \$100,000 less the assistance amounts the buyout program offered were able to get the family into a financial situation similar to what they had prior to participation. The family was able to put nearly 42 percent down on their new home.

Funds Available via Buyout Program	
<i>17. Final Buyout Award (Not to Exceed FHA Mortgage Limit)</i>	<i>\$243,000</i>
18. Expenses	
a. Household's Mortgage Balance	\$108,000
b. Moving Costs	\$5,000
c. Settlement Costs (Buyout Home)	\$13,000
<i>Total Expenses (a+b+c)</i>	<i>\$126,000</i>
19. Total Funds Available for Replacement Housing (1. Final Buyout Amount – 2. Total Expenses)	\$117,000
a. Down payment	\$45,000
b. Closing costs	\$22,500
c. Purchase Amount Remaining (Purchase Price- Down Payment)	\$180,000
d. Assistance Amount Remaining (13. Total Funds Available for Replacement Housing – Down Payment- Closing Costs)	\$49,500
e. Remaining Purchase Balance	\$130,500
f. Amount Available to Put Down at Closing	\$94,500
g. Percent Available to Put Down	42%

Down Payment Assistance

It is the intent of Harris County to provide funding for a Down Payment Assistance Program, depending on funding availability. The Down Payment Assistance Program will be available to Buy-out Applicants, but it is not mandatory for buy-out participants to apply for down payment assistance funds. Amounts received through the buyout program in excess of the post-disaster fair market value will be considered for Duplication of Benefit for replacement housing along with any amounts they may be eligible to receive through the Down Payment Assistance Program.

Buyout Applicants Who Owned the Property Prior to the Disaster

Eligible owners²⁶ determined to have owned the buyout property prior to the disaster will receive an offer to purchase the property based on the pre-disaster fair market value of the property minus any duplication of benefits documented.

Buyout Applicants Who Purchased the Property After the Date of Disaster

Post flood owners receive an offer to purchase the property based on pre-flood fair market value as the basis of their buyout with the following limitations and duplication of benefit review:

1. Individuals and entities that purchased a flood impacted home after the date of disaster located in the designated area will be limited to the price the owner paid for the property, not to exceed the pre-flood fair market value. If repairs had been made to the property, eligible repair receipts are added to the post flood price of the acquisition.
2. Banks that have been deeded the property on a post flood basis will be limited to the amount of the mortgage balance (amount to pay-off the mortgage). This is the amount that the bank would have received had the owner participated on the buyout.
3. Properties that are in foreclosure where the pre-flood owner receives any remaining proceeds of the sale of the property after sale expenses, taxes and liens, receive an award based on the pre-flood fair market value of the property.
4. Contract sellers are limited to the amount of the contract balance. This is the amount that the contract seller would have received had the contract buyer participated in the buyout, provided the contract balance is less than the pre-flood fair market value. If the contract balance is more than the pre-flood fair market value, the contract seller will be limited to the pre-flood fair market value.
5. Trusts, probates and living wills receive an offer based the pre-flood fair market as if the pre-flood owner is participating and subject to a duplication of benefits review. This is the same amount that the trust/probate would have received had the creation of the trust/probate been after the owner themselves signed all the documents necessary to participate in the buyout.
6. If a non-profit has received the property by donation on a post flood basis, they are limited to the value it was appraised at, at the time of donation.
7. If the property has been acquired by a bankruptcy trustee, the bankruptcy trustee provides the valuation documentation that was used to value the property at the time of the bankruptcy. The award amount is limited to the maximum of the pre-flood fair market value. Or alternatively, if the property is being held in trust with the homeowner remaining the current deed holder, documentation must be provided to demonstrate that

²⁶ See footnote 1

the property is still deeded to homeowner, but held in trust. If documentation is provided, the file receives an award based on the pre-flood fair market value of the property.

Buyout Applicants with Negative Equity on Mortgage

The buyout program may assist people who owe more on their mortgage than their house is worth, also known as negative equity mortgage or being underwater on their mortgage, but assistance amounts are capped at the maximum total buyout assistance amount per household. Assistance will only be provided if the assistance will allow the household to move from the damaged home to an area of reduced flood risk. Harris County reserves the right to review each applicant underwater on their mortgage on a case-by-case basis.

Buyout Applicants with Reverse Mortgage

The buyout program may assist people who have a reverse mortgage, but assistance amounts are capped at the maximum total buyout assistance amount per household. Assistance will only be provided if the assistance will allow the household to move from the damaged home to an area of reduced flood risk. Harris County reserves the right to review each applicant underwater on their mortgage on a case-by-case basis.

Buyout Applicants in Foreclosure

Applicants in foreclosure may be provided buyout assistance, however the assistance amounts are capped at the maximum total buyout assistance amount per household. Assistance will only be provided if the assistance will allow the household to move from the damaged home to an area of reduced flood risk. Harris County reserves the right to review each applicant underwater on their mortgage on a case-by-case basis.

Contract for Deed/Land Leases/Mobile Homes

Properties where there is a different owner of the land than the owner of the dwelling unit(s), such as in Contracts for Deed, long-term land leases, and often with mobile homes, may be assisted through the buyout program only if the property owner converts the contract to full ownership. Any persons displaced by such conversion will be provided replacement housing assistance following applicable URA requirements. Harris County reserves the right to review each application on a case-by-case basis to determine the appropriate assistance amount.

Certification Requirements Prior to Receiving Assistance

All applicants must agree to the following to receive assistance:

1. Sign an Authorization for the Release of Information so that information provided can be shared and/or verified with state, federal and other third-party agencies. The applicant, co-applicant, and other adult household members are required to sign the release unless one of the eligible applicants has provided power of attorney to another to represent him/her).
2. Sign a Certification of Completeness attesting to the accuracy and completeness of all information provided to the program under penalty of law.
3. Agree to verification of their ownership status, the amount of disaster-related damage to the home, and assistance received.
4. Power of attorney: Applicant(s) may grant power of attorney to someone who can apply on their behalf, as applicable
5. Sign a Certification of Residency attesting to the fact that the new address where the applicant will relocate to or has already relocated to an area of reduced flood risk.

Offer to Purchase

Once an applicant has been determined eligible and an assistance amount has been calculated, the applicant will receive an offer to purchase. An applicant must sign a voluntary participation or non-participation agreement within 14 days of buy-out offer. If applicant does not agree to the offer, they may counter offer by providing their own post-storm appraisal prepared by a licensed appraiser. The county will review the counter offer and make a decision regarding the appraisal amount that is to be used.

If applicant appeals, the county will have ten (10) days to review the counter offer and make a decision regarding the appraisal amount that will be used. Applicant will be notified by mail of the final decision.

Documenting Eligibility and Acceptance of Offer

Harris County will document the owner and property eligibility in the applicant file and will retain detailed copies of all award determinations as well as the applicant acceptance of the offered buyout and incentive amounts.

Applicant Closing

Property Before Closing

Participant must remove all personal property from the residence prior to the day of closing. Any personal property remaining after closing will be included in the demolition.

Once the purchase offer has been made, the Seller is notified of available resources to help applicant move.

Upon Homeowner acceptance of offer, HCRPD notifies HCFCD, and CSD.

- HCRPD sends information to Title Company, requests title commitment, and invoice
- HCRPD receives invoice, title commitment, and preliminary settlement statement from Title Company
- HCRPD forwards title commitment and preliminary settlement statement to CSD
- CSD prepares set-up award statement including estimated closing and demolition costs provided by HCFCD
- CSD prepares setup file for GLO. Setup file to include award statement with cost of acquisition, necessary soft costs, incentives and demolition (if applicable) costs. Setup file to include:
 - Set-up form (16.20)
 - Award Statement
 - Release of Funds (ROF)
 - Sales Agreement-
 - Title Commitment
 - Itemized Budget – includes closing costs based upon estimated closing date
- CSD reviews setup and submits setup file to GLO.
- GLO reviews and approves, or reviews and denies setup.
- If approved, CSD notifies HCFCD, and HCRPD.
- HCRPD schedules closing.

Document Execution at Closing

The following documents will be signed by the applicant at the time of agreement:

1. Agreement for Sale
2. Subrogation Agreement
3. At closing seller signs agreement to have all utilities disconnected within 7 days.

Subrogation Agreement

Subrogation is the process by which duplicative assistance paid to the Property Owner after receiving an award is remitted to the Program to rectify a duplication of benefit. All applicable claims (including insurance payments, unpaid claims, lawsuits, and settlements) paid to applicants not included in the original benefit determination calculation and/or received after their closing appointment, must be subrogated to the Program to prevent a duplication of benefits.

Assignment Relation to Funds Received Under Program

In consideration of the Property Owner's award of funds and the commitment by Harris County to evaluate the Property Owner's application for the award of funds under the Harris County Buyout Program, the Property Owner assigns to the Program all future rights to reimbursement and all payments received under any insurance policy, including but not limited to any type of casualty or property damage insurance (the Policies); any reimbursement or relief program related to or administered by FEMA or the SBA for physical damage to the property (not including proceeds received to cover contents); any other assistance from non-profit organizations, faith based organizations, or disaster relief entities, and other governmental entities, that was the basis of the calculation of the Property Owner's award to the extent of the proceeds paid under the Program. The proceeds or payments from the above described duplicative assistance are referred to herein as "Proceeds." The rights the Property Owner assigns to the Program are specific to the Property with respect to which the Proceeds were paid. The Proceeds paid, as described in the Property Owner's application with the Program, arise out of physical damage to the Property originally caused by the federally declared disaster, but also includes Proceeds received for damage to the Property caused by any subsequent event that occurred (until the time of purchase of the Property using Program funds). The Policies include, but are not limited to, policies characterized as damage, flood, or any other type of casualty or property damage insurance coverage held by the Property Owner which provides coverage for physical damage to the Property. Once the Program has recovered an amount equal to the award proceeds, the Harris County Buyout Program reassigns any rights assigned to Harris County pursuant to this Agreement to the Property Owner.

Cooperation and Further Documentation

The Property Owner agrees to assist and cooperate with Harris County should Harris County elect to pursue any of the claims the Property Owner has against the insurers for reimbursement under any such Policies. The Property Owner's assistance and cooperation includes allowing suit to be brought in the Property Owner's name(s), giving depositions, providing documents, producing records and other evidence, testifying at trial and any other form of assistance and cooperation reasonably requested by Harris County. The Property Owner further agrees to assist and cooperate in the attainment and collection of any proceeds that the Property Owner would be entitled to under any applicable FEMA or SBA Programs. The Property Owner agrees to take necessary actions and to execute additional documents at Harris County's request to assign Property Owner's insurance policies to Harris County, to the extent of the funds granted to the Property Owner under the Program and/or the disaster relief funds from FEMA or SBA.

Authorization for Program to Contact Third Parties

The Property Owner explicitly allows the Program to request of any company with which the Property Owner held Policies or FEMA or SBA, any non-public or confidential information needed by the Program to monitor/enforce its interest in the rights assigned to it under the Consent and Release Agreement, and to give the Property Owner's consent to such company to release said information to the Harris County Buyout Program.

Property After Closing

Following closing, HCRPD sends copies of closing documents to CSD and HCFCF. Upon receipt, HCRPD sends recorded deed and title policy to CSD to be maintained in program file. HCFCF submits Order to Commissioners Court to authorize HCFCF to be responsible for long-term property maintenance.

The Harris County Flood Control District is responsible for the maintenance and/or demolition of the residential structure and any outbuildings and proper disposition of the debris, in accordance with state and federal environmental laws, rules and regulations. The HCFCD will take ownership of the property and is responsible for ensuring the property title is deed restricted remaining public open space in perpetuity. A covenant will be placed on the property being acquired to maintain it as open space. Additionally, Harris County CSD and HCFCD will execute an interlocal agreement detailing the property maintenance requirements.

HCFCD maintains all buyout properties via its infrastructure division that has a maintenance department. The HCFCD Maintenance Department provides mowing, tree trimming, weed eating, and debris removal services. HCFCD works in partnership with the Precinct constables and evaluates the need for security patrol.

Harris County CSD will include the maintenance of buyout properties as part of its annual internal monitoring. The HCFCD will provide the maintenance schedule which CSD will compare against the list of buyout properties to ensure all properties are on the schedule as well as perform site visits to ensure all properties are being maintained to standards.

Appeals

Grievance Policy/Procedure

Harris County is responsible for responding to complaints and appeals in a timely and professional manner. A grievance and appeals procedure will be afforded to applicants to provide a quick and efficient system for resolution of concerns or disputes that applicants may have with the procedures followed and services provided by Harris County. The appeals procedure will include both an informal and a written grievance process which may include but not be limited to informal hearings, third-party review and director approval. Harris County will keep a record of each complaint or appeal that it receives to include all communications and their resolutions. Complaints alleging violation of fair housing laws will be directed to the U.S. Department of Housing and Urban Development for immediate review (see Grievance and Appeals policy). Complaints regarding fraud, waste, or abuse of government funds will be forwarded to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov). If an applicant disagrees with the county's decision, he or she can appeal to the Texas GLO.

Complaints

When a complaint or appeal is received, a representative will respond to the complainant or appellant within fifteen (15) business days where practicable. For expediency, the Harris County shall utilize telephone communication as the primary method of contact; however, email and postmarked letters will be used as necessary.

Responsibilities

Harris County will identify staff within their program tasked with handling all homeowner inquiries.

These staff will be responsible for (1) determining whether or not complaints and appeals relate to the business or authority of Harris County, (2) ensuring that a response to all complaints and appeals are within the appropriate time frame (a response must be provided within 15 working days of the receipt of the complaint), and (3) ushering all complaints and appeals through to a resolution.

Harris County has a Grievance and Appeals policy that addresses handling incoming complaints, including a complaint escalation process in order to ensure that complaints are handled at the earliest stage in the process.

Documentation

Documentation for each complaint or appeal must be maintained. Each file must include the following:

- Contact information for the complainant;
- Initial complaint;
- Address and Harris County assigned project number (if applicable);
- Any communications to and from complainant or appellant;
- Results of the investigation, together with any notes, letters, or other investigative documentation;
- The date the complaint or appeal was closed; and
- Any other action taken.

Affirmative Marketing/Fair Housing

Harris County shall ensure that no person shall on the ground of race, color, national origin, religion, sex, sexual orientation, age, familial status, or disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under or be denied access to the CDBG Disaster Recovery Program. Marketing will occur and referrals will be accepted through County and the Harris County Flood Control District and in coordination with the Harris County Long Term Recovery Committee and local non-profit and community-based organizations. Harris County will take additional measures to affirmatively market the CDBG Disaster Recovery Program, as follows:

1. Harris County will make the program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), provide sign language assistance when requested, and provide special assistance for those who are visually impaired when requested.
2. Harris County will make all efforts to communicate, both orally and in writing, in appropriate languages to affected residents.
3. Harris County will provide reasonable accommodations as needed to make the program accessible to people with disabilities.
4. Harris County will retain documentation of all marketing measures used, including copies of all advertisements and announcements that will be available for public viewing upon request.
5. Harris County will use the Fair Housing logo in advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights and obligations under Fair Housing regulations.

Harris County will engage community members in the targeted buyout areas as well as those in potentially impacted, adjacent communities to gather stakeholder input, disseminate important program information, and to answer questions. See Community Engagement and Marketing Plan for further details.

Coordinated Housing Strategy

Harris County's Buyout Program will strive to coordinate with partners across the County and in the Gulf Coast region to mitigate the reduction of housing lost as result of buyouts with complimentary housing production including but not limited to the new construction and rehabilitation of replacement housing in areas of the County that provide access to work, school and social services, as well as proximity to transit. The goals established in other Harris County Disaster Recovery programs will seek to provide an equal or greater amount of new or rehabilitated housing units to offset the number of homes removed from the County's housing stock as a result of the buyout program.

Compliance and Monitoring

Harris County will establish a monitoring/oversight program to ensure that buyout assistance is being provided to eligible owners, for eligible properties, and receiving the proper assistance amounts. The County will also ensure that all properties are being added the HCFCD maintenance schedule and that all properties are being maintained to standard.

Conflict of Interest

No employee, agent, or officer, who exercises decision-making responsibility with respect to CDBG-DR funds and activities, is allowed to obtain a financial interest in or benefit from CDBG-DR activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds of the activities. The buyout program will establish safeguards to prohibit employees, officers, and agents from using their position for a purpose that is, or gives the appearance of being, motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties. Harris County may require disclosure of any potential conflict of interest to the governing body of the locality, to the recipient's legal counsel, and as otherwise may be appropriate.

Section 3

Harris County will adhere to all Section 3 requirements and will perform regular monitoring of any required contractors and interlocal partners and their contractors.

Record Retention

The buyout program will adhere to the record retention policies of either Harris County, the State of Texas, or HUD for the use of CDBG-DR funds as required by the grant.

All official records on programs and individual activities shall be maintained for at least five-years beyond the closing of the grant between the GLO and HUD. Applicant records may be maintained electronically.

Closeout

Harris County CSD will work with HCFCD and the RPD to ensure records are complete, that all affordability requirements are adhered to and that the county have performed all subrogation monitoring processes. The County will create project and grant closeout checklists that will be maintained with the project file.

Anti- Fraud and Compliance Policies

Harris County will aggressively investigate all allegations of misconduct, fraud, waste or abuse regarding eligibility and the disbursement of award amounts to applicants. Information in both English and Spanish has been posted on the Harris County Recovers website.

Contact

Website: www.harrisrecovery.org

Email: rebuildharris@csd.hctx.net

Phone Number: **832-927-4961**

The provisions of the guidebook may be amended or exceptions granted from time to time, as determined and approved in writing by the Director of the Harris County Community Services Department, by order of the Harris County Commissioners Court, and/or in accordance with the requirements dictated by the Texas General Land Office, or the U.S. Department of Housing and Urban Development.

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